

Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:FIP:B01

PLR-132083-16

Date:

January 17, 2017

Legend

Fund 1 =

Fund 2 =

Dear :

This letter revokes a part of PLR 200842014 (PLR-112977-08¹) issued to Funds 1 and 2 (the “Funds”) on July 17, 2008, and, in response to a request from your authorized representative dated December 27, 2016, limits the retroactive effect of such revocation pursuant to section 7805(b) of the Internal Revenue Code.

In PLR 200842014, the Internal Revenue Service (the “Service”) issued rulings that (i) income and gain from certain commodity-linked notes constitute qualifying income under section 851(b)(2) (the “CLN Ruling”), and (ii) income derived by each Fund from its investment in the Subsidiaries, whether or not attributable to subpart F income, is income derived from the Funds’ business of investing in stock, securities, or currencies and, therefore, constitutes qualifying income under section 851(b)(2) (the “Subsidiary Ruling”). In a letter dated September 29, 2016, the Service notified the Funds that it

¹ PLR-112977-08 is the controlling PLR number for a multi-filer private letter ruling. Funds 1 and 2 were assigned a separate PLR number. This letter refers to the controlling PLR number, but applies equally to the rulings issued to both Funds under their respective, separately assigned PLR numbers.

was considering revoking the CLN Ruling. On December 27, 2016, the Funds requested that the Service exercise its discretionary authority under section 7805(b) to limit the retroactive effect of any revocation.

Since issuing PLR 200842014, the Service has determined that having provided a private letter ruling on the issue in the CLN Ruling is not in accord with the current views of the Service. See Rev. Proc. 2016-50, 2016-43 I.R.B. 522, superseded by Rev. Proc. 2017-3, 2017-1 I.R.B. 130, 140 (section 4.01(44)); see also REG-123600-16, 81 Fed. Reg. 66576-77 (Sept. 28, 2016). Section 11.04 of Rev. Proc. 2017-1, 2017-1 I.R.B. 1, 61, provides, in part, that unless it was part of a closing agreement, a letter ruling found to be in error or not in accordance with the current views of the Service may be revoked or modified. Accordingly, the CLN Ruling in PLR 200842014 is revoked. The Subsidiary Ruling is not revoked and that portion of PLR 200842014 remains in effect at this time.

Section 11.04 of Rev. Proc. 2017-1 also provides that, if a letter ruling is revoked, the revocation applies to all years open under the statute of limitations on assessments unless the Service uses its discretionary authority under section 7805(b) to limit the retroactive effect of the revocation. In accordance with the Funds' request, the Service has decided to grant relief under section 7805(b). The revocation of the CLN Ruling in PLR 200842014 will apply prospectively only to commodity-linked notes acquired by the Funds after June 30, 2017.

In accordance with the power of attorney on file with this office, we are sending a copy of this letter to the Funds' authorized representative. We are also sending a copy of this letter to the appropriate operating division.

Sincerely,

Julanne Allen
Assistant to the Branch Chief, Branch 3
Office of Associate Chief Counsel
(Financial Institutions and Products)

cc: